# Singapore Budget 2026: Key Highlights


Now, for tomorrow

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# Securing Our Future Together In A Changed World

**A Budget to support Singaporeans today, prepare our society for tomorrow, and enable us to navigate this changed world with confidence.**

Budget 2026 begins at a time of profound ongoing geopolitical tensions and shifting economic conditions. While inflation has eased, cost-of-living and business pressures persist. Rapid advances in AI and digitalisation are reshaping industries, creating not only opportunities but also concerns surrounding job securities and workforce readiness.

Amidst the challenges, Corporate Income Tax collections is expected to increase with an overall expected revenue surplus of S$15.1 billion, or 1.9% of GDP in 2025 and a smaller expected revenue surplus of S$8.5 billion, or 0.1% of GDP in 2026. Our public finances are expected to remain strong with expected higher corporate tax collections from the implementation of the Top-up Tax under Pillar Two of BEPS while spending needs will increase in multiple fronts.

As Prime Minister and Minister for Finance, Mr. Lawrence Wong says, this Budget is the first step in the Government's effort, to secure our future in a changed world. It lays the groundwork for how we will navigate our next phase of development – together, as one people.

The Budget builds on last year's foundation with new initiatives such as a S$1 billion boost to enhance Startup SG Equity, and expand its scope to cover growth-stage companies. When enterprises are ready to list, a second S$1.5 billion tranche of the Anchor Fund will be launched to continue to make Singapore a listing venue of choice.

The Budget also strengthens support for individuals and families through targeted cost-of-living measures, reflecting ongoing concerns about daily expenses and financial pressures. For businesses, Budget 2026 re-introduces a corporate income tax rebate, enhanced several grant support and financing schemes to help businesses adopt AI and stay competitive in a more challenging global environment.

Ultimately, this Budget aims to build a future that is stronger, fairer, and filled with greater opportunities for all.

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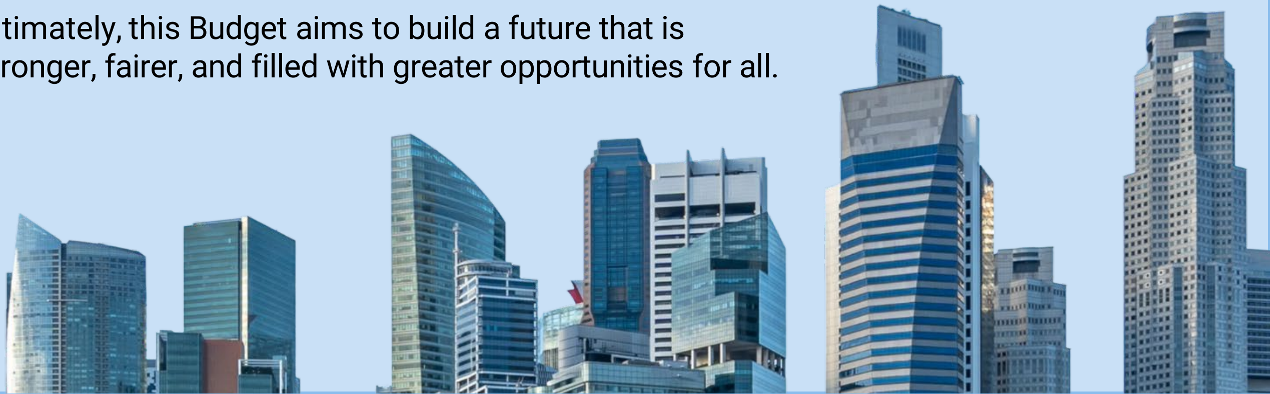


# Contents

# Tax Rates

1

## Corporate income tax ("CIT") rate

There is no proposal for any change to the current CIT rate of 17%.

A 40% of tax payable and/or CIT Rebate Cash Grant of S$1,500 will be given to eligible companies  in the Year of Assessment ("YA") 2026.

Companies that are subject to prevailing corporate tax rate at 17% with a chargeable income before partial tax exemption scheme or chargeable income before full tax exemption scheme of S$543,677 and S$566,177 respectively will be able to enjoy the maximum benefit of the CIT rebate and the CIT Rebate Cash Grant amounting to S$30,000 in total.

2

## Personal income tax ("PIT") rate

In Budget 2026, there is no change to the PIT rates. The highest PIT rate remains at 24%.

3

## Goods and Services Tax ("GST")

In Budget 2026, there is no change to the GST rate. It remains at 9% since 1 January 2024.

# Corporate Income Tax Rebate

## Provide 40% CIT Rebate in YA 2026 with a minimum benefit of S$1,500 for eligible active companies

Eligible companies will enjoy a CIT rebate of 40% of tax payable and / or a minimum CIT Rebate Cash Grant of S$1,500 for YA 2026. The total maximum benefits of CIT Rebate and CIT Rebate Cash Grant that a company can receive is capped at S$30,000.

To receive the CIT Rebate Cash Grant, companies must be active and have employed at least one local employee (i.e., Singapore Citizen or Permanent Resident) excluding shareholders who are also directors of the company, in the calendar year 2025.

Active companies that are in a tax-loss position in 2025, but have employed at least one local employee during the year, should be eligible for the CIT Rebate Cash Grant of S$1,500.

The CIT Rebate and CIT Rebate Cash Grant will be automatically given to eligible companies from the 2Q of calendar year 2026 onwards.

# Tax Changes

## Enhance the Double Tax Deduction for Internationalisation (“DTDi”) scheme

Currently, under the DTDi scheme, businesses are allowed a 200% tax deduction on eligible expenses incurred on 16 qualifying market expansion and investment development activities.

Businesses can automatically claim 200% tax deduction on the first S$150,000 of eligible expenses for nine activities per YA without prior approval.

The 9 activities are:-

1) Advertising in approved local trade publications
2) Design of packing for overseas markets
3) Local trade fairs
4) Overseas advertising and promotional campaigns
5) Overseas investment study trips
6) Overseas market development trips
7) Overseas trade fairs
8) Product / service certification
9) Virtual trade fairs

Prior approval is required from Enterprise Singapore (“EnterpriseSG”) or Singapore Tourism Board (“STB”) for expenses exceeding S$150,000 on these nine activities or expenses incurred on the remaining seven qualifying activities.

The remaining 7 activities are:-

1) E-commerce campaigns
2) Investment feasibility / due diligence studies
3) Master licensing and franchising
4) Market surveys / feasibility studies
5) Overseas business development
6) Overseas trade offices
7) Production of corporate brochures for overseas distribution

Prior approval is also required for certain expenses incurred on overseas market development trips and overseas investment study trips.

# Tax Changes

## Enhance the Double Tax Deduction for Internationalisation (“DTDi”) scheme (cont’d)

To further support businesses in their internationalisation efforts, the expenditure cap for claims that may be filed without prior approval will be raised from S$150,000 to S$400,000 per YA.

The scope of claims that do not require prior approval will also be expanded to cover all eligible expenses incurred on overseas market development trips and overseas investment study trips, and the following qualifying activities:-

a) Investment feasibility/due diligence studies;
b) Master licensing and franchising;
c) Market surveys/feasibility studies;
d) Overseas business development; and
e) Production of corporate brochures for overseas distribution.

For eligible expenses exceeding S$400,000 per YA or eligible expenses incurred on overseas trade offices and e-commerce campaigns, businesses can continue to apply to EnterpriseSG or STB for approval.

The changes will apply to expenses incurred from YA 2027. EnterpriseSG will provide further details by the 2Q of 2026.

# Tax Changes

## Enhance the Enterprise Innovation Scheme (“EIS”)

Currently, under the EIS, qualifying businesses can claim 400% tax deductions / allowances on qualifying expenditure incurred on the following five qualifying activities:

a) Qualifying Research and Development activities undertaken in Singapore;
b) Registration of Intellectual Property (“IP”);
c) Acquisition and licensing of IP rights;
d) Training courses that are eligible for SkillsFuture Singapore funding and aligned with the Skills Framework; and
e) Innovation projects carried out with polytechnics, the Institute of Technical Education, or other qualified partners (collectively known as partner institutions).

The qualifying expenditure cap under each of activities (a) to (d) is S$400,000 for each YA. The qualifying expenditure cap under (e) is S$50,000 for each YA.

# Tax Changes

## Enhance the Enterprise Innovation Scheme ("EIS") (cont'd)

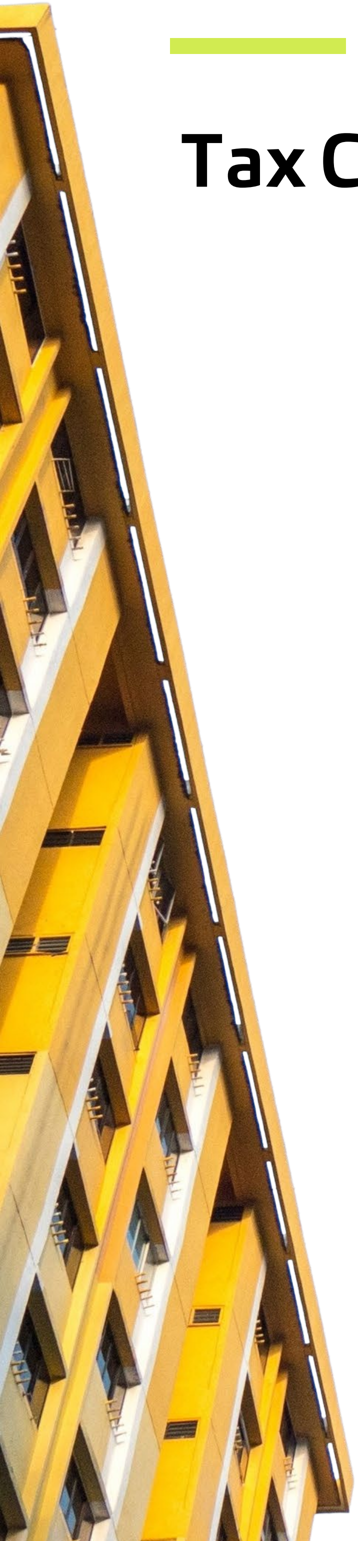
Businesses have the option to convert up to S$100,000 of total qualifying expenditure into a 20% non-taxable cash payout, in lieu of tax deductions / allowances.

To help businesses in adopting AI it is proposed that, the EIS will be enhanced  for the YA 2027 and YA 2028:-

a) The list of partner institutions will be expanded to include the Sectoral AI Centre of Excellence for Manufacturing.

b) An additional qualifying activity will be introduced for qualifying AI expenditures.  Businesses can claim tax deductions/ allowances of 400% on up to S$50,000 of qualifying AI expenditures incurred for each YA. The option to convert qualifying expenditure into a cash payout will not be available for this new qualifying activity.

The Inland Revenue Authority of Singapore ("IRAS") will provide further details by mid-2026 .



# Tax Changes

## Allow tax deduction for CPF cash top-ups made by platform operators on behalf of their platform workers under the Voluntary Contributions to MediSave Account scheme (“VC-MA”)

Currently, employers can claim tax deduction for CPF cash top-ups made on behalf of employees under the VC-MA. Platform operators cannot claim tax deduction for CPF cash top-ups made on behalf of platform workers under the VC-MA.

To encourage platform operators to make CPF cash top-ups on behalf of their platform workers (who are eligible for the Matched MediSave Scheme), it is proposed that platform operators will be allowed to claim tax deduction for CPF cash top-ups made on behalf of their platform workers under the VC-MA.

The change will apply from the YA 2027 for CPF cash top-ups made from 1 January 2026.

# Tax Incentives

## Extend and enhance the Finance and Treasury Centre ("FTC") incentive

Currently, under the FTC incentive, approved FTCs are eligible for a concessionary tax rate of 8% or 10% on qualifying income, as well as withholding tax exemption on interest payments on loans used for qualifying activities or services.

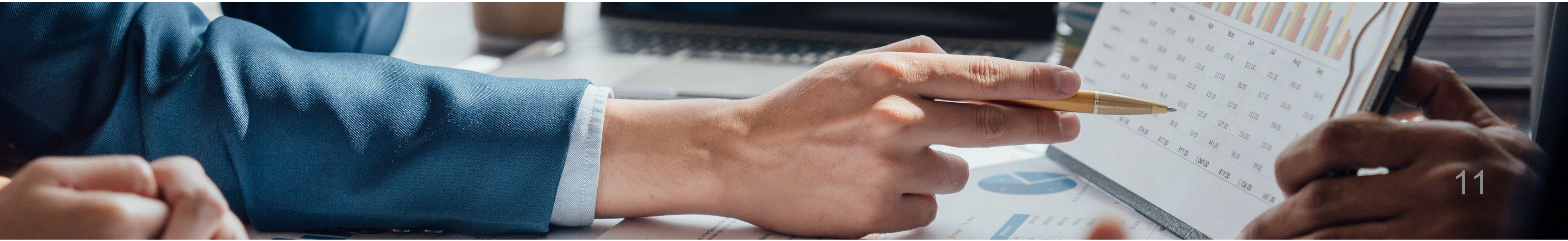
The FTC incentive is scheduled to lapse after 31 December 2026.

The following changes are proposed to encourage companies to conduct treasury management activities in Singapore:-

1. Extend the FTC incentive till 31 December 2031; and

2. Expand the scope of the withholding tax exemption, for loans used for qualifying activities or services, to include interest-like borrowing costs that are subject to withholding tax. This will apply to payments made on or after 13 February 2026.

   The list of interest-like borrowing cost provided by the Singapore Economic Development Board ("EDB") is similar to the list of deductible borrowing costs as prescribed under the Income Tax (Deductible Borrowing Costs) Regulations 2008, and in Annex 1 of the IRAS e-Tax Guide on Tax Deduction for Borrowing Costs Other Than Interest Expenses (Fifth Edition). It includes items such as guarantee fees, bank option fees, discounts on notes or bonds, early redemption fees, front-end fees, etc.



# Tax Incentives

## Extend and enhance the Global Trader Programme ("GTP")

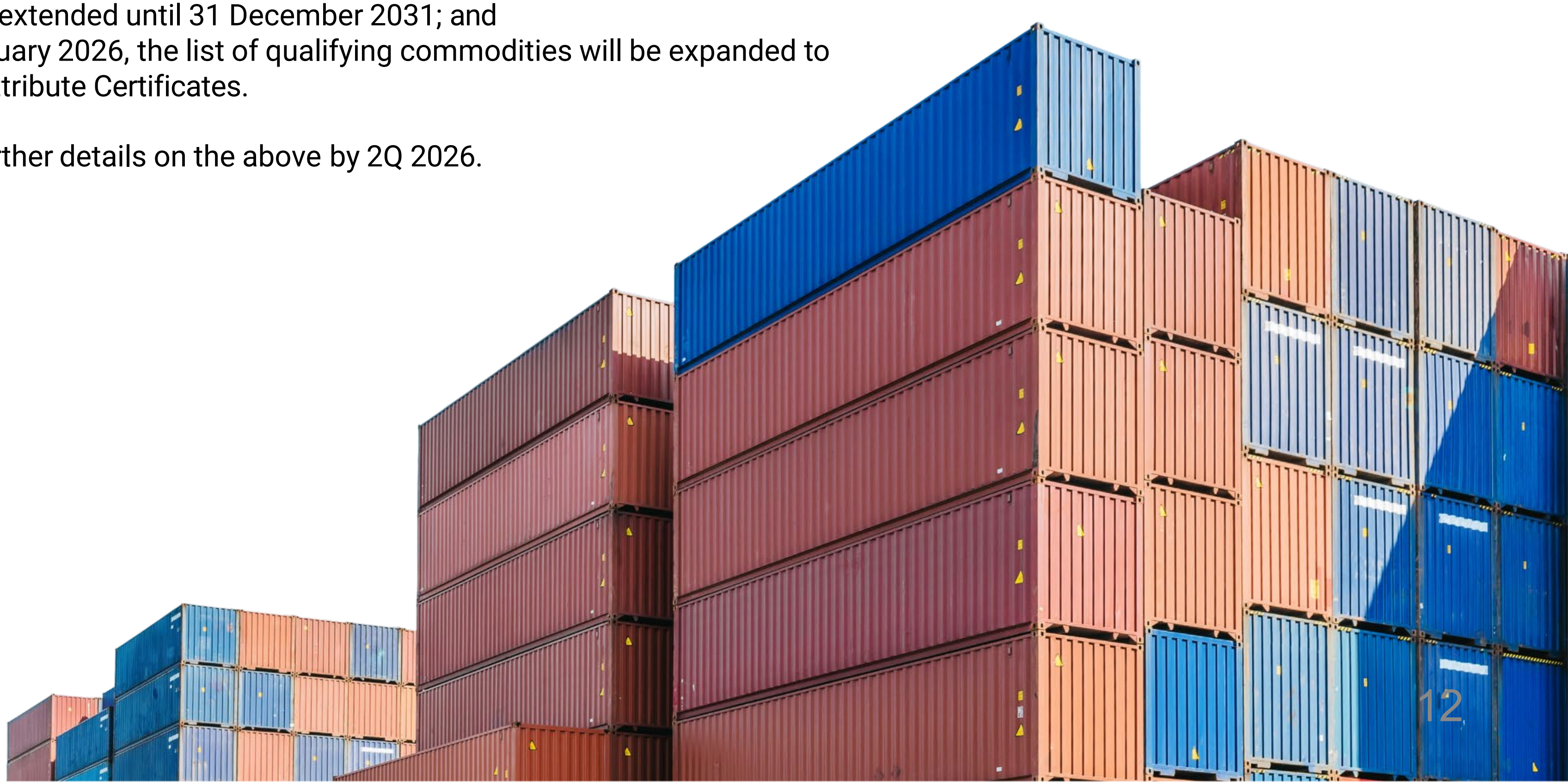
Currently, under the GTP, approved global trading companies are eligible for concessionary tax rates of 5%, 10% or 15% on income earned from qualifying transactions relating to qualifying commodities. Qualifying commodities include petroleum products, agriculture commodities, consumer and industrial products, etc.

The scheme is scheduled to lapse after 31 December 2026.

To further strengthen Singapore's position as a global trading hub, it is now proposed that:-

a) The GTP scheme will be extended until 31 December 2031; and
b) With effect from 13 February 2026, the list of qualifying commodities will be expanded to include Environmental Attribute Certificates.

EnterpriseSG will provide further details on the above by 2Q 2026.



# Extension of Tax Schemes

## Encourage philanthropy and foster a spirit of giving

**a. Extension of 250% tax deduction for qualifying donations to Institutions of a Public Character ("IPCs") and eligible institutions**

Donors are eligible for a 250% tax deduction for qualifying donations to IPCs and eligible institutions. Currently, the tax deduction is scheduled to lapse for donations made after 31 December 2026.

To encourage giving, it is proposed that the tax deduction scheme for qualifying donations will be extended to qualifying donations made from 1 January 2027 to 31 December 2029.

**b. Extension of the Corporate Volunteer Scheme ("CVS")**

Under the CVS, all businesses carrying on a trade or business in Singapore can claim 250% tax deductions on qualifying expenditure (e.g. wages) incurred in respect of:-

i. Sending their qualifying employees to volunteer at or to provide services to IPCs; or
ii. Seconding their qualifying employees to IPCs.

The qualifying expenditure is subject to an annual cap of S$250,000 per business per YA and S$100,000 per IPC per calendar year.

Currently, this scheme is scheduled to lapse for qualifying expenditure incurred after 31 December 2026.

To support corporate volunteering, it is proposed that the tax deduction under the CVS be extended to cover qualifying expenditure incurred from 1 January 2027 to 31 December 2029.

# Extension of Tax Schemes

## Extend the Not-for-Profit Organisation Tax Incentive (“NPOTI”)

The NPOTI provides tax exemption on the income derived by an approved Not-for-Profit Organisation (“NPO”).

Currently, the tax incentive is scheduled to lapse after 31 December 2027.

It is proposed that the NPOTI will be extended until 31 December 2032 to ensure that Singapore continues to be an attractive location for NPOs.

# Lapse of Tax Schemes

## Allow the Investment Allowance for Emissions Reduction (“IA-ER”) scheme to lapse

Currently, under the IA-ER scheme, investment allowance can be granted to companies for capital expenditure incurred for approved projects that improve energy efficiency or reduce greenhouse gas emissions.

To ensure that our tax scheme remain relevant, it is proposed that the scheme will be allowed to lapse after 31 December 2026.

The Government will continue to support efforts to improve energy efficiency or reduce greenhouse gas emissions via existing schemes such as the Resource Efficiency Grant for Emissions and the Refundable Investment Credits for Decarbonisation.

# Grants/Support for Businesses

## Enhanced grant support for overseas market access

Currently, the Market Readiness Assistance ("MRA") grant, administered by EnterpriseSG, helps local Small and Medium Enterprises ("SMEs") to expand overseas by defraying the costs of overseas market promotion, business development, and market set-up. The MRA grant is available to local SMEs, at a support level of up to 50% of eligible costs, capped at S$100,000 per company per new market. The enhanced S$100,000 cap is scheduled to lapse after 31 March 2026.

It is proposed that, from 1 April 2026, the MRA grant will be enhanced as follows:-

a) The grant support level will be increased for local SMEs to receive support of up to 70% of eligible costs. This higher support level is applicable until 31 March 2029.

b) The enhanced grant cap of S$100,000 per company per new market will be extended.

To deepen the local SMEs' presence in existing overseas markets, the "new to target overseas market" criterion of the MRA grant will be removed from 2H of 2026. This will be implemented as part of EnterpriseSG's refresh of its grant schemes.

EnterpriseSG will provide more details by 2H of 2026.

# Grants/Support for Businesses

## Enhanced grant support levels for internationalisation schemes (Business Adaption Grant and Global Innovation Alliance ("GIA") scheme)

From 1 April 2026 to 31 March 2029, it is proposed that local SMEs will receive enhanced support of up to 70% of eligible costs, and local non-SMEs will receive support of up to 50% of eligible costs for the following grants listed below.

| Grant scheme | Business Adaptation Grant (until 6 October 2027) | Global Innovation Alliance ("GIA") schemes* |
|---|---|---|
| Description | • To support local enterprises impacted by tariffs to adapt their business operations.<br>• To strengthen supply chain resilience through advisory and reconfiguration support. | • To support Singapore-based startups to expand overseas, through participating in market access programmes and connecting with in-market experts, with a focus on technology and innovation. |

* Enhanced support levels will apply to all outbound GIA schemes and programmes (e.g., GIA Discovery, GIA+, GIA Acceleration Programmes, GIA Co-Innovation Programmes, GIA Proof-of-Concept Grant).

# Grants/Support for Businesses

## Enhanced loan quantum under the Enterprise Financing Scheme ("EFS")

The EFS, administered by EnterpriseSG, enables enterprises to access financing more readily across all stages of growth.

It is proposed that the maximum loan quantum under the EFS – SME Fixed Assets Loan and EFS – Trade Loan facilities will be enhanced from 1 April 2026 as follows:-

| Facility | Current maximum loan quantum | Revised maximum loan quantum |
|---|---|---|
| **EFS – SME Fixed Assets Loan**<br><br>**To finance Singapore enterprises' investments in domestic and overseas fixed assets.** | • S$30 million per borrower and borrower group<br><br>• Subject to an overall loan exposure limit of S$50 million per borrower group across all EFS facilities | • The borrower and borrower group caps for each loan facility will be lifted<br><br>• Subject to an overall loan exposure limit of S$50 million per borrower group across all EFS facilities |
| **EFS – Trade Loan**<br><br>**To support Singapore enterprises' trade financing needs, which include the financing of short-term import, export, and guarantee needs.** | • S$10 million per borrower and S$20 million per borrower group<br><br>• Subject to an overall loan exposure limit of S$50 million per borrower group across all EFS facilities | |

# Grants/Support for Businesses

## Expansion of the Productivity Solutions Grant ("PSG")

Currently, the PSG provides support of up to 50% of eligible costs capped at S$30,000 for businesses to adopt pre-approved IT solutions and equipment to improve their productivity and automate existing processes. The above grant supports sector-specific and generic solutions that are pre-approved by EnterpriseSG and other participating agencies.

To support businesses in AI adoption moving forward, it is proposed that the PSG will be expanded to support a wider range of AI-enabled solutions.

The Ministry of Digital Development and Information ("MDDI") will provide more details at the Committee of Supply 2026.

# Others

## Preferential Additional Registration Fee (“PARF”) rebate

Currently, to encourage timely renewal of the vehicle population so that it is safer and less pollutive, PARF rebates are provided to car and taxi owners. It is calculated as a percentage of Additional Registration Fee (“ARF”) paid and tiered based on the age of vehicle at deregistration.

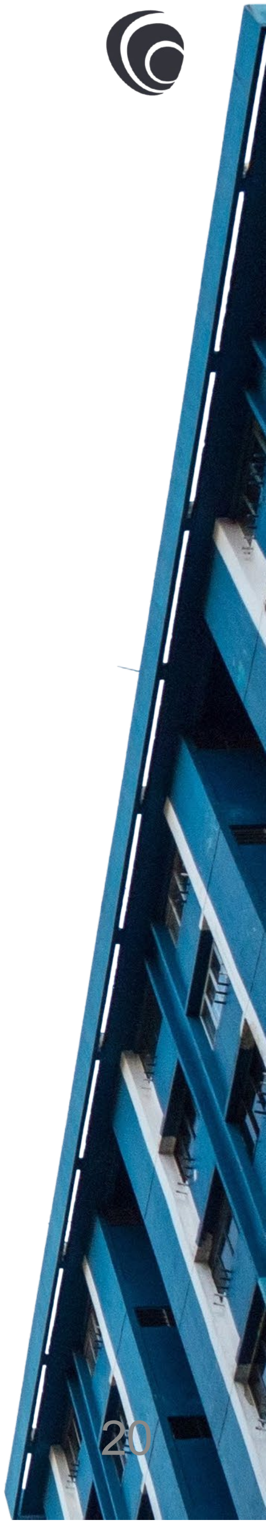
It is proposed to reduce PARF by 45% points across the board and reduce the PARF rebate cap from S$60,000 to S$30,000.

| Age of Vehicle at Deregistration | Current PARF rebate (capped at S$60,000) | Revised PARF rebate (capped at S$30,000) |
|---|---|---|
| **Age ≤ 5 years** | 75% of ARF | 30% of ARF |
| **5 years < Age ≤ 6 years** | 70% of ARF | 25% of ARF |
| **6 years < Age ≤ 7 years** | 65% of ARF | 20% of ARF |
| **7 years < Age ≤ 8 years** | 60% of ARF | 15% of ARF |
| **8 years < Age ≤ 9 years** | 55% of ARF | 10% of ARF |
| **9 years < Age ≤ 10 years** | 50% of ARF | 5% of ARF |
| **Age > 10 years** | Not applicable | Not applicable |

- The revised PARF rebate schedule and cap of S$30,000 will apply to cars that are registered with COEs obtained from the second COE bidding exercise in February 2026 onwards and cars that do not need to bid for COEs (i.e., taxis, COE-exempt cars) that are registered on or after 13 February 2026.

- The revised PARF rebate schedule and cap do not apply to vehicles that are not eligible for PARF rebates, such as goods-cum-passenger vehicles, classic and vintage cars, and vehicles that have been laid-up.

- Further details will be announced by Land Transport Authority.



# Others

## Excise Duties for Tobacco Products

With effect from 12 February 2026, tobacco duties will increase by 20% across all tobacco products.

| Type of Tobacco Products | Current Excise Rate | New Excise Rate |
|---|---|---|
| Cigars, Cheroots, Cigarillos and Cigarettes, and Other Manufactured Tobacco | S$491 per kgm or 49.1 cents per stick of cigarette | S$589 per kgm or 58.9 cents per stick of cigarette |
| Beedies, Ang Hoon, and Other Smokeless Tobacco | S$378 per kgm | S$454 per kgm |
| Unmanufactured and Cut Tobacco and Other Tobacco Refuse | S$446 per kgm | S$535 per kgm |

# Others

## Raise the Local Qualifying Salary (“LQS”)

The LQS will be raised from S$1,600 to S$1,800 per month for full-time employed local workers.

Specifically, firms hiring foreign workers must pay local workers the following:

i. At least S$1,800 per month for full-time employed local workers; or
ii. At least S$10.50 per hour for part-time local workers.

The computation of foreign worker quotas will correspondingly be adjusted with the new LQS:

i. 1 local workforce count: Per local worker who is paid at least S$1,800 per month; and
ii. 0.5 local workforce count: Per local worker who is paid at least S$900 but less than S$1,800 per month.

Part-time locals earning monthly gross wages below S$900 will not be counted towards firms’ quota entitlement.

These changes will apply from 1 July 2026.

# Others

## Enhancements to the Progressive Wage Credit Scheme (“PWCS”)

i. Increase in PWCS Co-Funding Support for Qualifying Year 2026
- PWCS co-funding support will be raised for wage increases given in the qualifying year 2026 from 20% to 30%.
- The enhanced co-funding support will also apply to wage increases given in qualifying year 2025 that are sustained in 2026.

ii. Extension of PWCS to End-2028
- PWCS co-funding support will be extended to wage increases given in qualifying years 2027 and 2028.

| Qualifying Year (i.e., year that wage increase was given) | Payout Period | Current | New |
|---|---|---|---|
| **2026** | 1Q 2027 | 20% | 30% (+10% point) |
| **2027** | 1Q 2028 | - | 30% |
| **2028** | 1Q 2029 | - | 20% |

# Others

## Enhancements to the Progressive Wage Credit Scheme ("PWCS") (cont'd)

iii. Increase in Minimum Qualifying Wage Increase from 2027

- The minimum qualifying wage increase for PWCS will be raised to S$200 for wage increases given in qualifying years 2027 and 2028.

| Qualifying Year (i.e., year that wage increase was given) | Payout Period | Minimum Qualifying Wage Increase |
|---|---|---|
| 2026 | 1Q 2027 | S$100 |
| 2027 | 1Q 2028 | S$200 |
| 2028 | 1Q 2029 | S$200 |

# Others

## Senior Employment Credit  (“SEC”) - Extended to 2027

Under the SEC, the Government provides wage support to help employers adjust to the higher Retirement Age and Re-employment Age when hiring Singaporean workers. Higher support will be given for the older age bands.

For eligible Singaporean workers aged 60 and above earning up to S$4,000 per month, employers can receive wage offsets of up to 7%, depending on the worker’s age and salary. It is proposed that the SEC scheme will be extended until 31 December 2027.

## CPF Transition Offset (“CTO”) - Extended to 2027

The CPF contribution rates will be raised for Singaporeans and Permanent Resident workers aged above 55 to 65 on 1 January 2027 by 0.5%. To help businesses manage rising costs due to the increase, it is proposed that the Government will provide employers with a transitionary wage offset equivalent to 50% of calendar year 2027’s increase (i.e. a 0.25% offset) in employer CPF contribution rates for such workers that they employ.

The CTO will be provided automatically, and employers do not need to apply.

# How Baker Tilly can help?

At Baker Tilly Singapore, we offer a full suite of tax services: corporate and personal tax compliance services, tax controversy and dispute services, tax advisory services, private client services, merger and acquisition tax services, tax governance services, tax incentive services, Goods and Services Tax services, transfer pricing services, and Digital tax transformation and solutions.

Our tax team is well placed to assist you in understanding how the Singapore Budget impacts your business.

To learn more, visit [www.bakertilly.sg](http://www.bakertilly.sg) or contact [marcomms@bakertilly.sg](mailto:marcomms@bakertilly.sg) or your engagement team.

# Singapore Budget 2026 Seminar

**12 March 2026**
**2.00PM - 6.00PM (SGT) (registration starts at 1.30pm)**
**Guoco Midtown, Level 2, MICE Room 1**
**126 Beach Rd, Singapore 189773**

We invite you to join our seminar where you can look forward to:

- Clear insights into the measures impacting you
- Actionable strategies for your business
- Emerging opportunities from the latest Budget
- Updates on recent Transfer Pricing developments
- Key updates in Goods and Services Tax (GST)

**Click here to register**

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